CONTENTS

MENASA Region : Macroeconomics ........................................ 1

Dubai : Middle East’s Financial Hub .................................... 5

UAE Capital Markets : DFM / ND / ADX ............................... 10

Two Exchanges, One Market : DFM & ND ............................ 16

Corporate Strategy : Going Forward .................................. 28
THE REGION – MENASA / GCC/ UAE
AN ECONOMIC POWERHOUSE
MENASA REGION:
SOLID ECONOMIC FUNDAMENTALS
-PROMISING GROWTH

MENASA region is emerging as a powerful economic bloc with tremendous growth potential, combining the sovereign wealth funds (SWFs) of the Mena region.

Population and Growth

More than 30% of world population

Oil Reserves and Production (% of Global)

MENASA GDP at Constant Prices and Growth

FDI 2006 - 2013

Source: IMF, World Bank
GCC REGION:
LIQUIDITY ON THE BACK OF STRONG FUNDAMENTALS—KEY EMERGING MARKET

The UAE, the second biggest Arab economy, is set to record 3.5% growth in GDP in 2015, led by a focus on adopting industrial policies that will drive sustainable development across the UAE.

-IMF 2015 Forecast

GCC GDP Growth Rates (2010 - 2014)

<table>
<thead>
<tr>
<th>Country</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>4.3%</td>
<td>2.1%</td>
<td>3.6%</td>
<td>5.3%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>-2.4%</td>
<td>9.6%</td>
<td>6.6%</td>
<td>1.5%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Oman</td>
<td>4.8%</td>
<td>-1.1%</td>
<td>7.1%</td>
<td>3.9%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Qatar</td>
<td>16.7%</td>
<td>14.1%</td>
<td>5.1%</td>
<td>6.2%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>4.8%</td>
<td>10.0%</td>
<td>5.4%</td>
<td>2.7%</td>
<td>3.5%</td>
</tr>
<tr>
<td>UAE</td>
<td>1.6%</td>
<td>4.9%</td>
<td>4.7%</td>
<td>5.2%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

GCC – Country Ratings 2013

<table>
<thead>
<tr>
<th>Country</th>
<th>S&amp;P</th>
<th>Moody's</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>BBB</td>
<td>Baa1</td>
<td>BBB</td>
</tr>
<tr>
<td>Kuwait</td>
<td>AA</td>
<td>Aa2</td>
<td>AA</td>
</tr>
<tr>
<td>Oman</td>
<td>A</td>
<td>A1</td>
<td>A</td>
</tr>
<tr>
<td>Qatar</td>
<td>AA</td>
<td>Aa2</td>
<td>AA-</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>AA-</td>
<td>Aa3</td>
<td>AA-</td>
</tr>
<tr>
<td>UAE</td>
<td>AA</td>
<td>Aa2</td>
<td>AA-</td>
</tr>
</tbody>
</table>

GCC – FDI Share by Country 2013

- Bahrain, 4.1%
- Kuwait, 7.6%
- Oman, 6.7%
- Qatar, 0.0%
- KSA, 38.4%
- UAE, 43.3%

Source: IMF, World Bank
UAE: GROWTH PROSPECTS

- Strong growth in the non-hydrocarbon sector
- Regional wealth and liquidity
- Fiscal discipline with increase in investment spending
- UAE’s service driven economy benefitting from the global trade
- AED 750 B worth of infrastructural projects to be spent on construction till 2021
- AED 14B to be spent on innovative projects in 2015
- AED 5.9 trillion in external trade over the last 5 years

Source: Dubai Chamber of Commerce

www.dfm.ae
**UAE WILL ADHERE TO ITS LONG TERM STRATEGY TO DIVERSIFY ITS ECONOMY**

Source: IMF, World Bank

- UAE’s long term strategy is to diversify its economy and reduce its dependence on oil revenue.
- The non-oil sector has experienced positive growth during the past couple of years.
- UAE aims to achieve this through intensive investment in the industrial and tourism sectors, air and maritime transport, import and re-export, as well as supporting a range of projects and initiatives based on the knowledge economy.

### Comments

<table>
<thead>
<tr>
<th>Oil Sector vs. Non-Oil Sector Contribution to UAE GDP (2014)</th>
<th>Oil Sector vs. Non-Oil Sector Contribution to UAE GDP (2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Oil Sector Contribution to GDP</td>
<td>Non-Oil Sector Contribution to GDP</td>
</tr>
<tr>
<td>Oil Sector Contribution to GDP</td>
<td>Oil Sector Contribution to GDP</td>
</tr>
<tr>
<td>31%</td>
<td>20%</td>
</tr>
<tr>
<td>69%</td>
<td>80%</td>
</tr>
</tbody>
</table>

**Source:** IMF, World Bank

[www.dfm.ae](http://www.dfm.ae)
DUBAI
THE FINANCIAL HUB OF MIDDLE EAST
DUBAI: VISION & ECONOMIC STRENGTHS

“Our vision is clear, our goals are obvious, our strengths are great, our will is strong and we are ready. We want Dubai to be a global center of excellence, creativity and leadership”.

- HH Sh. Mohammed Ruler of Dubai

Dubai’s core strengths remain fundamentally sound.

Well diversified economy based on international trade, banking and finance, tourism, information technology and infrastructure.

### Strengths

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly sophisticated financial centre</td>
<td>Dubai is ranked 7th as per “International Financial Centres Competitive Assessment Report”, a competitive study of 15 key global and regional financial centres done by KPMG</td>
</tr>
<tr>
<td>Favorable business environment</td>
<td>Dubai has been rated very high in ease of doing business ranking 8th globally - World Competitiveness Index</td>
</tr>
<tr>
<td>Strategic location with a strong logistics infrastructure to bolster trade</td>
<td>Trade capacity in UAE has tremendously improved over the years with free-zones like JAFZA and trade growth at 15% in 2014</td>
</tr>
<tr>
<td>Solid tourism sector</td>
<td>Hotel occupancy rates remained high throughout 2014 at 87%, benefiting both tourism and trade activities</td>
</tr>
</tbody>
</table>

Source: Dubai Chamber of Commerce, Dubai Statistic Centre, IMF

Dubai GDP by Economic Sectors - 2014

- Real Estate and Construction: 19%
- Trade: 27%
- Hotel and Restaurants: 5%
- Manufacture: 13%
- Transportation: 15%
- Government Sector: 5%
- Other Sectors: 6%
- Financial Sector: 10%
- Trade: 27%
- Other Sectors: 6%
DUBAI: ISLAMIC ECONOMY INITIATIVE

Initiative: The vision of His Highness Sheikh Mohammed, Ruler of Dubai, to transform Dubai into the capital of the Islamic economy has given a different resonance to this fast-growing sector of global economy. Dubai has indeed a row of strengths to take on that status.

The Strength:
1. The geo-economics of Dubai and the combination of Eastern and Western cosmocultures, makes it easier to do business and more accessible to the key regions of Africa, the Levant, the GCC and Asia.
2. The legal and judiciary systems in Dubai guarantee the necessary security for business and FDI.
3. World class Infrastructure and expertise

DFM Participation

Islamic Economy
- Islamic Jurisdiction
- Islamic Finance
- Halal Certification
  - Sukuks
  - Sharia Compliant Derivative Product
  - New Islamic IPOs

www.dfm.ae
DUBAI:
RECENT EVENTS

• Organizational restructuring of government departments & related entities
• Successful debt restructuring across all sectors with zero defaults

Key Achievements in 2014:
• Dubai GDP growth for 2015 is expected at 3.5%
• Foreign direct trade grew to AED 47 B in 2014 expected to grow 4%-5% in 2015
• Dubai ranks 4th among top global destinations for travelers
• Dubai is ranked 12th in world competitiveness index up four positions from last year
• UAE ranks 11th in AT Kearney FDI Confidence Index serving as main hub in Arab world
• Dh25 billion in total investment in infrastructure-related projects due to EXPO 2021

2014 was the strongest year economically for the UAE since its foundation, with a growth in Real Gross Domestic Product of 4.6%, and with Nominal Gross Domestic Product reaching Dh 1.47 trillion. The non-oil economy is projected to expand by over 4 per cent per annum in the coming years on the back of Dubai’s strong core services sectors.
Only UAE offer a wide array of trade exchanges/products in the entire MENA region
MARKET CAPITALIZATION
LIQUIDITY REVIEW

All figures in AED Mn

1.14% increase in market capitalization in Q3, 2015

Source: DFM/ND Analytics

www.dfm.ae
TRADE VALUES:
DFM PERFORMANCE

DFM exchange has seen a slow down in trading driven by regional instability, oil prices and general sentiments.

All figures in AED Mn

Source: DFM/ND Analytics

www.dfm.ae
TRADE VALUES:
DFM PERFORMANCE

All figures in AED '000

Source: DFM/ND Analytics
www.dfm.ae
Velocity is calculated as Annualized Trade Value / Market Capitalization

Source: DFM/ND Analytics
UAE MARKETS:
REGULATIONS & OWNERSHIP

Regulatory Authorities
SCA (UAE Regulations)
DFSA (International Regulations)

Stock Exchanges
ADX
DFM
NASDAQ Dubai

Ownership Structure
Government of ABU DHABI
100%

Public Stake
79.62%
20.38%
33.33%
66.67%

www.dfm.ae
DFM: GENERAL INDEX - COMPARISISON
PERFORMANCE Q3, 2015

Index performance of global exchanges Q3, 2015

YTD Index Percentage Change

Source: Reuters / DFM / ND Analytics
DFM: TRADING BY CLIENT TYPE
RETAILS VS. INSTITUTIONAL

Source: Reuters / DFM / ND Analytics

www.dfm.ae
DFM: TRADING BY NATIONALITY
UAE VS. NON- UAE

Source: Reuters / DFM / ND Analytics
www.dfm.ae
DFM: TRADE MATRICES
SECTOR MIX

Trade Activity – By Sector
Q3, 2015

Source: DFM/ND Analytics
www.dfm.ae
DFM: OWNERSHIP
SHAREOWNERSHIP RATIOS

Distribution of Share Ownership
Q3, 2015

By Type of Investor
- Institutional: 73.4%
- Retail: 26.6%

By Nationality
- Arab: 79.0%
- GCC: 10.6%
- Others: 6.3%
- UAE: 4.2%

Foreign Ownership (% of Market Cap)
- 2006: 10.0%
- 2007: 13.0%
- 2008: 8.0%
- 2009: 12.0%
- 2010: 12.0%
- 2011: 11.2%
- 2012: 11.7%
- 2013: 16.0%
- 2014: 16.0%
- Q3 2015: 21.0%

Source: DFM/ND Analytics
www.dfm.ae
DFM: MARKET ACTIVITY
DFM SHARE PRICE & AVERAGE TRADING

DFM Share Price Movement Q3, 2015

Average Trading Value: AED 17 MN
Average Trading Volume: 8.7 mn Shares
Average Trades: 197

Source: DFM/ND Analytics
www.dfm.ae
## DFM: FINANCIALS

### REVENUE MIX

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trading Commission Fees</strong></td>
<td>374.7</td>
<td>158.7</td>
<td>76.8</td>
<td>114.8</td>
<td>341.6</td>
<td>806.0</td>
<td>282.7</td>
</tr>
<tr>
<td><strong>Net Investment Income</strong></td>
<td>91.5</td>
<td>73.2</td>
<td>54.6</td>
<td>45.3</td>
<td>53.4</td>
<td>75.4</td>
<td>46.2</td>
</tr>
<tr>
<td><strong>Other Fee Income</strong></td>
<td>36.7</td>
<td>31.9</td>
<td>51.9</td>
<td>37.0</td>
<td>63.7</td>
<td>86.9</td>
<td>38.9</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>502.9</td>
<td>263.8</td>
<td>183.3</td>
<td>197.1</td>
<td>458.7</td>
<td>968.3</td>
<td>367.8</td>
</tr>
<tr>
<td><strong>Salaries</strong></td>
<td>43.1</td>
<td>57.2</td>
<td>56.6</td>
<td>57.5</td>
<td>71.7</td>
<td>78.7</td>
<td>48.5</td>
</tr>
<tr>
<td><strong>General &amp; Administrative</strong></td>
<td>18.7</td>
<td>28.6</td>
<td>29.6</td>
<td>24.6</td>
<td>28.0</td>
<td>30.9</td>
<td>18.6</td>
</tr>
<tr>
<td><strong>Rent</strong></td>
<td>5.8</td>
<td>9.0</td>
<td>9.2</td>
<td>7.6</td>
<td>7.6</td>
<td>7.9</td>
<td>5.9</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>11.3</td>
<td>17.2</td>
<td>16.7</td>
<td>10.8</td>
<td>7.0</td>
<td>6.5</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>Amortization</strong></td>
<td>75.9</td>
<td>75.9</td>
<td>75.9</td>
<td>62.4</td>
<td>62.4</td>
<td>62.4</td>
<td>46.8</td>
</tr>
<tr>
<td><strong>Other Expense</strong></td>
<td>1.5</td>
<td>3.4</td>
<td>9.5</td>
<td>2.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td>156.3</td>
<td>191.3</td>
<td>197.5</td>
<td>165.2</td>
<td>176.7</td>
<td>186.4</td>
<td>123.9</td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1.0)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Revaluation of Investments - Trading</strong></td>
<td>-</td>
<td>1.0</td>
<td>(0.4)</td>
<td>-</td>
<td>-</td>
<td>(22)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Minority Interest</strong></td>
<td>-</td>
<td>5.5</td>
<td>7.9</td>
<td>3.2</td>
<td>3.5</td>
<td>(0.5)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>346.6</td>
<td>79.0</td>
<td>(6.9)</td>
<td>35.2</td>
<td>284.6</td>
<td>759.3</td>
<td>244.0</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>0.04</td>
<td>0.01</td>
<td>-</td>
<td>-</td>
<td>0.04</td>
<td>0.09</td>
<td></td>
</tr>
</tbody>
</table>

Source: Reuters / DFM / ND Analytics

**EBIT Margin:** 63%

**EBITDA Margin:** 76%
DFM: FINANCIALS
REVENUE MIX & GROWTH

Revenue Breakdown

Growth Rates of Revenue Mix (%)

Trading Commission Fees  Net Investment Income  Other Fee Income


Source: Reuters / DFM / ND Analytics
www.dfm.ae
STRATEGIC INITIATIVES
ADDRESSING FUTURE GROWTH

- Upgrade to MSCI Emerging Market Status
- G30 Compliance and addressing the gaps
- Organizational restructuring and monetization of financial services
- Initiating investor-centric services to increase liquidity and trading activities
- Smartphone based services
- IPO focus and listings
STRATEGIC INITIATIVES CONT.

SUPPLY
(Equity listings and financial instruments)

- IvESTOR Card
- Dividend distribution & smart AGM Services
- eIPO Online Subscription Platform
- New IPO Equity Listings

SERVICES
(Innovative customer-centric services)

- eBroker Services
- New eService Portal
- eSAR Issuer Service
- Online Advertising
- EFSAH Online Disclosure
- eReports & Stock Portfolio

DEMAND
(Market access, members & investors)

- Direct Market Access (DMA)
- DFM international Roadshows
- Expanded investor base with increased market activity and new IPOs
- DFM mobile application
- New enhanced DFM Website

Shareholder Value

www.dfm.ae
## Key Features

### A. ECONOMIC DEVELOPMENT

- **A.1 Sustainability of economic development**
  - **Emerging**: No requirement
  - **DFM / ND**: Strong economic fundamentals with expected GDP growth of 4% for 2015

### B. SIZE AND LIQUIDITY REQUIREMENTS

- **B.1 Number of companies meeting the following standard index criteria**
  - **Emerging**: 3
  - **DFM / ND**: 12

  - **i) Company size (Full market cap)**
    - **Emerging**: USD 873 Mn
    - **DFM / ND**: USD 97 Bn

  - **ii) Security size (Float market cap)**
    - **Emerging**: USD 436 Mn
    - **DFM / ND**: USD 25 Bn

  - **iii) Security liquidity**
    - **Emerging**: 15% ATVR
    - **DFM / ND**: 55%

### C. MARKET ACCESSIBILITY CRITERIA

- **C.1 Openness to foreign ownership**
  - **Emerging**: Significant
  - **DFM / ND**: 49% (Current Foreign Ownership – 18%)

- **C.2 Ease of capital inflows/outflows**
  - **Emerging**: Significant
  - **DFM / ND**: Significant

- **C.3 Efficiency of operational framework**
  - **Emerging**: Good & tested
  - **DFM / ND**: Good & tested *

- **C.4 Stability of the institutional framework**
  - **Emerging**: Modest
  - **DFM / ND**: Good *

---

* Successful DVP implementation and introduction of SBL as part of G30 compliance
The following initiatives have been taken to support campaign:

<table>
<thead>
<tr>
<th>Year</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>Step by Step “DFM Guide to going public” launched</td>
</tr>
<tr>
<td>2010</td>
<td>IPO Market Study Results from one on one with 40 potential IPO candidates</td>
</tr>
</tbody>
</table>
| 2011 | - IPO Retreat for private, semi-government and family owned businesses.  
<p>|        | - MOU with JAFZA |
| 2012 | - Access to Capital Seminar for JAFZA Dubai |
|       | - Regional IPO Market Study for NASDAQ Dubai |
| 2013 | - MOU with Dubai SME |
|       | - 2nd Access to Capital Seminar for SME |
|       | - NASDAQ Dubai IPO Guide |
|       | - Road show for IPO in India &amp; Kuwait |
|       | - 2nd IPO Retreat on November 19th, 2013 |
| 2014 | - 4 IPOs |
| 2015 | - New Company law announced |
|       | - 3rd DFM IPO forum on November 9 |
|       | - Re-Listing of Amlak |</p>
<table>
<thead>
<tr>
<th>Requirements</th>
<th>OLD</th>
<th>NEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer Size</td>
<td>Not be less than AED 10 million.</td>
<td>Not be less than AED 30 million.</td>
</tr>
<tr>
<td>Founders</td>
<td>Minimum 10 founding shareholders.</td>
<td>Minimum 5 founding shareholders.</td>
</tr>
<tr>
<td>Founders hold</td>
<td>Founders hold not less than 20% and not more than 45% of the total authorized Share Capital.</td>
<td>Founders hold not less than 30% and not more than 70% of the total authorized Share Capital.</td>
</tr>
<tr>
<td>Refund Days</td>
<td>Two weeks</td>
<td>5 Days</td>
</tr>
<tr>
<td>Sell down</td>
<td>Not allowed</td>
<td>Max. 30% from the capital</td>
</tr>
<tr>
<td>Subscriptions period</td>
<td>90 Days</td>
<td>30 Days</td>
</tr>
<tr>
<td>Pricing</td>
<td>fixed price only - Book building allowed by regulatory approval</td>
<td>Book Building is now available for the companies as an another option with fixed price.</td>
</tr>
<tr>
<td>Underwriting</td>
<td>no underwriting or sponsor required</td>
<td>Underwriting could be applied and will be regulated by a ministerial decree</td>
</tr>
<tr>
<td>Employee stock option</td>
<td>Not recognized</td>
<td>Allowed</td>
</tr>
<tr>
<td>Foreign ownership</td>
<td>49% maximum foreign ownership</td>
<td>49% maximum foreign ownership but some exception can be granted upon ministerial decision</td>
</tr>
</tbody>
</table>

- Only changes associated to IPO related matters are listed above.
- The above excludes Government owned entities as they may have special exemptions.
- The law is applicable on free zone (off shore) companies but only those that are allowed by regulations to operate onshore.
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